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Reviews - Writings in Accounting

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REVIEWS—Writings in Accounting



Phyllis E. Peters, CPA, Editor
Touche, Ross, Bailey & Smart
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TO THE READERS:

As I assume the role of editing this column, many questions arise. Of greatest interest right now is—Are we reviewing what *you* want reviewed? Would you prefer more reviews covering books? Publications of accounting organizations? Current business magazines? AICPA pronouncements? How far afield from accounting would you like the reviewers to stray?

Please let us know. Our goal is to whet your appetite sufficiently so that you'll want to read more of what's being written for us in the accounting profession.

P.E.P.

"Horizons for a Profession," Robert H. Roy and James H. Mac Neill, American Institute of Certified Public Accountants, 1967, 354 pp., \$7.50

"Horizons for a Profession" is the study sponsored by the Carnegie Corporation of New York and the American Institute of Certified Public Accountants to delineate the common body of knowledge which should be possessed by the CPA who is at that point in his career when he is first prepared and authorized to offer his services as a certified public accountant.

The conclusions of the study are grouped in the following major categories: Accounting, The Humanities, Economics and Behavioral Science, Law, Mathematics, Statistics, Probability, and the Functional Fields of Business. Each of these topics is discussed in detail in the book. Throughout, emphasis is placed on conceptual knowledge rather than on knowledge of procedures. The authors of the study have wisely avoided specifying curriculum content, realizing that the information needed by a beginning CPA will change with changing times.

The areas of knowledge suggested as being necessary for a beginning CPA appear to cover an appalling range of items, but it must be remembered that we live in a world of organizations of increasing complexity and that the accountant is a key figure in this world.

Part of the information for the study was obtained through the use of decks of 53 "subject cards" which were mailed to a large

select group of knowledgeable persons in the accounting profession who were asked to rank each subject in order of its importance to the beginning CPA. The subject which ranked first in the final results was Written and Oral English. Second and third places were occupied by Introductory Accounting Theory and Postulates and Introductory Accounting Practice and Procedures. Auditing was in fourth place followed by Economics, Introductory Cost Accounting, and Auditing Practice and Procedures. Advanced Accounting Theory was in eleventh place and Advanced Accounting Practice and Procedures was in fourteenth place.

It is mentioned in the study several times that the beginning CPA need not be a skilled bookkeeper, but it would seem that an introductory and advanced course in accounting procedures and practice together with the experience required in most states of a CPA candidate should make him a reasonably skilled bookkeeper. There is no reason to increase the emphasis placed upon practice and procedures, but there is also no reason to play it down.

The authors of the study place great emphasis upon mathematics and recommend that CPA's should be able to formulate their thoughts in mathematical language. The results of the subject card experiment, however, revealed that mathematics other than business math ranked low in the list of subjects. Differential and Integral Calculus and Differential Equations were in 51st and 52nd places, respectively.

What is often overlooked is that the system of debit and credit is a notation system which reveals a great deal about a transaction. The recording of a sale of merchandise on account, for example, reveals that a transaction has taken place transferring personal property from the seller to the buyer, that the buyer has not signed a note as evidence of his indebtedness, and that he is expected to pay for the merchandise at a later date in accordance with the credit terms agreed upon between himself and the seller. If account numbers are used instead of account titles, the entire transaction can be recorded without the use of words.

The study took three years to complete and has evidently been carefully done, although it seems logical to question the emphasis placed upon mathematics in view of the rank of mathematics in the subject card experiment. It seems clear to this reviewer that mathematics will be of increasing importance to CPA's in the future, but whether to the extent indicated in the report remains to be seen. The report itself seems to be much longer than necessary. A concisely written report might conceivably be read by a greater number of persons and thereby have a greater impact on the training and education of the beginning CPA's of the future.

Mary E. Burnet, CPA
Rochester Institute of Technology

"Financial Accounting Theory," edited by Stephen A. Zeff and Thomas F. Keller, McGraw-Hill Book Company, New York, 1964, 455 pages.

This paperback book was compiled by the editors primarily to supplement the intermediate accounting course in colleges and universities. However, since it includes interesting articles on controversial topics gathered from a number of sources, it is a valuable addition to any accountant's library. It will be especially welcomed by younger accountants who have accounting journals only for the more recent years.

The authors have dealt primarily with asset valuation and income determination topics. Included are articles on revenue recognition, interrelationships between the balance sheet and profit-and-loss statement, inventories, depreciation, goodwill, tax pressures on accounting principles and the accountant, and income smoothing. There is also a short section on liabilities (specifically leases and income tax allocation) and one on problems confronting the accounting profession (i.e., profits and inflation, price level changes, and need for accounting "authority"). Stock equity topics and direct costing have been omitted almost entirely.

The paperback contains 41 articles written by 36 authors. Half of the articles are reprints from *The Accounting Review*. Another 25 percent of the articles originated in *The Journal of Accountancy*, while the remainder come from varied sources including testimony before a U.S. Senate Committee and testimony to a referee in an estate case. Over 60 percent of the articles were published between 1950 and 1962, while the remainder would qualify as classics, having emanated in the '40s and even before, back to 1912, yet retaining their pertinence today.

The authors are, by and large, well-known names in accounting—Hatfield, Paton, Husband, May, Hepworth, Cannon, Moonitz, Storey, Myers, Jones, Spacek—although the editors claim to have selected the articles because of their clarity and their challenge to the student, not because of the prestige of the authors. The editors have included in each section a brief introduction to the articles and have attempted to highlight the contribution made by the author or relate the article to the overall topic being considered. This helps the novice technical reader know what to look for as he reads these reprints.

Two other aspects of the paperback deserve comment. The first article by Zeff introduces the reader to the various accounting organizations and their literature. Much of this is well-known and not worth mentioning to the practicing accountant. However, the beginning accountant or the student will find this summary of professional groups and their periodicals helpful to him in researching and utilizing library materials more effectively. Secondly, in each topical section of the paperback, the editors have listed a very complete bibliography of articles published prior to October 1963 on that topic.

All in all, this volume is highly recommended as an excellent addition to the accountant's library.

Dr. Marie E. Dubke, CPA
Memphis State University

EDITORIAL STAFF AND BOARD APPOINTMENTS

(concluded from page 4)

Doris L. Bosworth, CPA, will continue to serve as Tax Editor. She is a manager in the Tax Department of Peat, Marwick, Mitchell & Co. in New York, and past president of the New York Chapter of ASWA, 1966-67.

Elaine Cereghini, CPA, will serve as Special Editor for "Letters to THE WOMAN CPA" a new feature with this issue. She is Controller of Touche, Ross, Bailey & Smart in New York.

New Editorial Board members are M. Gertrude Hindelang, CPA, of Phoenix, Arizona, past president of AWCSPA, 1960-61, and Esther G. Midgal, CPA, Chicago, Illinois. Business Manager, Beatrice C. Langley, has been reappointed.

We thank retiring Editorial Board members Elinor J. Hill, CPA, and Vivian Warner Matick, who have completed three year terms, for their able assistance in reviewing and evaluating manuscripts submitted for publication.